

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE WISCONSIN ECONOMY

The importance of small business to the state of Wisconsin is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Wisconsin had 118,766 businesses with employees; 98.1 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 232,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 3.4 percent to \$6.9 billion in 1997, while wage-and-salary income rose 6.1 percent. The state also exported \$9.8 billion of goods in 1997. (In 1992, 79.0 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 134,400 women-owned businesses in Wisconsin, including part-time firms, employing 374,400 people and generating \$41.6 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 78.5 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 44.7 percent from 1987 to 1992, totaling 3,446 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 97.1 percent during the same time period with 1,762 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,451 in 1987, to 2,486 in 1992, representing a 71.3 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms decreased 0.6 percent, while new business incorporations decreased 6.9 percent. Financial difficulties leading to business bankruptcies increased by 5.5 percent and business failures increased by 29.0 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Wisconsin decreased from 424 in 1994 to 364 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
FARMERS & MRCH BK	Tomah
F&M BK WINNEBAGO CTY	Omro
F&M BK PORTAGE CTY	Stevens Point
FIRST NB FOX VALLEY	Menasha
COMMUNITY FIRST ST BK	Spooner
FIRST NB OF BALDWIN	Baldwin
FIDELITY NB	Medford
REEDSBURG BK	Reedsburg
FIRST NB OF PLATTEVILLE	Platteville
HERITAGE BK OF HAYWARD	Hayward
STEPHENSON NB&TC	Marinette
FIRST NB HARTFORD	Hartford
F&M BK-LAKELAND	Woodruff
NORTHWESTERN BK	Chippewa Falls
PEOPLES ST BK	Prairie Du Chien
F&M BK-WAUSHARA CTY	Wautoma
ASSOCIATED BK N	Wausau
FIRSTAR BK WI	Madison
M&I BK SOUTHERN WI	Madison
ASSOCIATED BK GREEN BAY NA	Green Bay

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996 (Thousands)

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	89,943	42,786	31,458	45,985	(47,293)	162,879
Manufacturing	4,652	7,771	11,186	14,544	(3,659)	34,491
Retail Trade	13,927	3,749	2,319	7,403	(9,143)	18,255
Services	47,251	19,228	15,518	14,721	(16,561)	80,158
Other	24,114	12,038	2,436	9,317	(17,928)	29,974

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Wisconsin, followed by Health Services. The fastest growing industry for small business is Transportation Services (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	2,185,846	100.0	55.7
Health Services	8000	227,709	10.4	38.9
Eating & Drinking Places	5800	160,849	7.4	76.7
Ind. & Comm. Machinery & Computer Equip.	3500	107,837	4.9	40.6
Business Services	7300	105,337	4.8	56.9
Wholesale Trade - Durable Goods	5000	75,166	3.4	79.8

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	1,217,360	100.0	55.7
Eating & Drinking Places	5800	123,422	7.4	76.7
Health Services	8000	88,471	10.4	38.9
Wholesale Trade - Durable Goods	5000	59,977	3.4	79.8
Business Services	7300	59,932	4.8	56.9
Special Trade Contractors	1700	59,295	2.8	96.1

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	1,217,360	36,753	3.0
Transportation Services	4700	4,159	594	14.3
Stone, Clay, Glass, & Concrete Products	3200	5,354	637	11.9
Insurance Carriers	6300	4,507	492	10.9
Ind. & Comm. Machinery & Computer Equip.	3500	43,737	4,050	9.3
Transportation Equipment	3700	7,000	635	9.1

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.